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SUMMARY OF THE NATIONAL PROGRAMME OF ACTION OF ANGOLA

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ANGOLA

A. National development objectives and priorities

1. The monograph of Angola presented for the Third United Nations Conference on the Least Developed Countries (LDC III) exposes the constraints and problems that condition the social and economic development of the country.

2. In order to tackle these constraints, in 1999 the Government approved a transitional Economic and Social Programme for the year 2001. This programme, currently being implemented, has the four following general objectives (page ii):

- Objectives of a political nature: guaranteeing national security, preserving territorial integrity, preparation of conditions for a general election, and the extension of State administration to the whole of the country.
- Social objectives: reducing poverty and improving the health and education systems.
- Economic objectives: macroeconomic stability, structural market reforms, and fostering enterprise development.
- Institutional objectives, for example, improving the transparency and services of the administration, and empowering the private sector.

3. The macroeconomic goals for 2001 are a real GDP growth rate of 3.4 per cent (1.8 per cent in the petroleum sector and 11.7 per cent in the non-petroleum sector), and an annual inflation rate of 75 per cent.

4. The Government also intends to draw up a medium-term development strategy (2002-2006) that will take stock of the goals and objectives laid down at the LDC III Conference.

B. Assets and constraints on development

Assets

- Angola has important resources that could contribute to its development. It has important petroleum and mineral reserves, potential hydroelectric capacities, vast areas of arable land, and large forests and fishing stocks.
- Angola also has an important potential in tourism, due to the attractiveness and variety of its landscapes.

Constraints

- The first constraint is the civil war that the country is undergoing. It has devastating effects, notably on infrastructures and on the population (page ii).
- High inflation is also destabilizing the macroeconomic fundamental (page ii). External debt, although declining, is still very high and results in the diversion of important financial resources from development or social expenditures toward debt servicing. Debt servicing represented nearly 87 per cent of tax revenue and almost 34 per cent of GDP in 1999.
- Although there are important potentials in various sectors, the Angolan economy is still very dependent on the revenues of the petroleum sector.

C. Economic and social development

Promoting good governance

- Recent institutional developments have been instrumental in improvements in the area of governance. For example, the tax collection and customs authorities have already been reformed and are undergoing new improvements.
- Administrations are also currently being restructured in order to introduce more efficacy and better coordination. The National Statistics System is also being reformed and modernized.

Building human and institutional capacities

Education

- The education system has suffered great disruptions from the war. Schools and other infrastructures have been looted and damaged, and teachers have often been displaced.
- The drop-out rate is very high, and it is estimated that only 4.35 per cent of children finish primary education. The national illiteracy rate is 42 per cent.

Health

- The health system is also in a state of disrepair, which, combined with poor safe-water supply, precarious availability of foodstuffs and a surge in contagious diseases has resulted in a dramatic situation.

Building productive capacities to make globalization work for LDCs

Private sector development

- During the past decade, the operating environment of the private sector has been improved, with a reduction of the role of the State, the promotion of free enterprise, the improvement of the legal and institutional framework for foreign investment and the application of national treatment principles to foreign investors. Various fiscal measures have also been adopted to encourage private sector investments.

Energy

- Although Angola has great potential in energy (there are important oil reserves and hydroelectric capacities), available power capacity is low due to damaged power stations and the poor state of transmission and distribution facilities.

Minerals

- Angola enjoys some of the world's larges mineral and gen deposits, which are still largely untapped. However, production has decreased since independence. This is mainly due to the civil war and illicit trafficking in diamonds.

Agriculture

- Angola was self-sufficient in basic foods before 1975. However, the war has resulted in a dramatic fall in agricultural production, and the country has now become dependent on food aid.
- There are also important potentials in forestry and plantations of exotic species. Production fell drastically in the past 25 years, five times below its expected capacity.
- Fishing also could provide some development opportunities. The Government has taken steps to develop the national fishing industry and fish processing facilities, but these efforts have been hampered by lack of investment.

Diversification of the economy

- The country will need to diversify its economy away from the petroleum sector in order to reduce its vulnerability to shifts in oil prices, and to increase employment. The petroleum sector accounted for more than 65 per cent of the GDP in 1999, while employing less than 1 per cent of the workforce.
- Appropriate development policies will have to be devised and implemented to foster development in manufacturing, agriculture, tourism, construction and services. As stated above, the country enjoys various important potentials to reach such a diversified economy.

Infrastructures

- Transport infrastructures have been greatly damaged by the war and by lack of maintenance. Insecurity is also creating obstacles to the movement of people and goods.
- There is also a pressing need to improve port infrastructures and management.

Mobilizing financial resources

- Enterprises are encountering important problems in raising necessary credits for development. Due to inappropriate management, the politico-military situation and macroeconomic distortions, the financial system has been unable to fulfil its role. The Government response has been to create autonomous support funds, which are aimed at facilitating the financing of specific sectors. This initiative did not, however, achieve the expected results, primarily because of the ongoing conflict.